



The 232<sup>nd</sup> meeting of the Rhode Island Student Loan Authority was held on Thursday, October 6, 2005 in the 2<sup>nd</sup> floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. The Honorable Robert J. McKenna called the meeting to order at 2:05 P.M.

The following Board members were in attendance:

Hon. Robert J. McKenna  
Dr. William Croasdale  
Mr. John Howell  
Dr. Anthony Santoro  
Hon. Paul J. Tavares, General Treasurer

Members absent:

Ms. Laura DiSano

Others in attendance:

Mr. Noel Simpson, Executive Director, RISLA  
Mr. Joseph R. Palumbo, Jr., General Counsel  
Ms. Jennifer Dutch, RISLA  
Mr. Charles P. Kelley, Executive Director, NESLA  
Mr. Kevan McAleer, CFO, NESLA  
Mr. David DeBlois, Director of College Planning Center  
Ms. Kerrie L. Bennett, Office of the General Treasurer  
Ms. Karen S.D. Grande, Esquire, Partner, Tillinghast Licht, LLP

Upon a motion by Dr. Croasdale and seconded by Mr. Howell it was unanimously

**VOTED:** To approve minutes from the board meeting held on July 13, 2005.

The Board of Directors welcomed R.I. General Treasurer Paul J. Tavares to the meeting.

### **Chairman's Report**

Dr. McKenna did not have a report.

### **Executive Director's Report**

Mr. Simpson asked the Board to move to Action Item #8. Mr. Simpson noted that Ms. Karen Grande is the Authority's bond counsel and was present to answer any questions regarding the resolution.

Mr. Simpson explained that this action item involves an extension of a letters of credit issued by Dexia Bank in connection with certain bond issues of RISLA. Mr. Simpson indicated that Dexia Bank has agreed to extend the term of the letter of credit with the same conditions through 2012.

Ms. Grande explained that Dexia Bank is substituting Dexia Belgium with Dexia France as the issuer of the letters of credit. Ms. Grande indicated that Dexia Belgium is going out of the business. Ms. Grande explained that there would be a need for an amendment of the documents regarding the substitution of Dexia Belgium.

Mr. Simpson indicated that there are two resolutions, one involving a 1995 bond issue, which matures in 2019, and, the other involving a 1996 bond issue which matures in 2026.

Mr. Howell asked for a brief clarification regarding the letters of credit.

Ms. Grande explained that the letter of credit is a liquidity facility and is much like a line of credit that can be drawn upon in the event of a default on the bonds.

Upon a motion by Dr. Santoro and seconded by Mr. Howell, it was unanimously

**VOTED:** To approve the extension of the letter of credit in connection with the 1995 bond issue.

Upon a motion by Dr. Santoro and seconded by Mr. Howell, it was unanimously

**VOTED:** To approve the extension of the letter of credit in connection with the 1996 bond issue.

#### Executive Director's Report (continued)

Mr. Simpson commented on the Compensation Committee meeting which was held on September 29, 2005. Mr. Simpson indicated that the Committee asked for more information from the staff regarding operations since the NELNET/ RISLA transaction in March 2004. Mr. Simpson indicated that he would like to schedule another meeting to go over job descriptions of the current RISLA and NESLA employees. Mr. Simpson indicated that both he and Mr. Kelley are in the process of preparing a presentation for the Board. In conjunction with this discussion, Mr. Simpson asked the Board to move to action item #9 regarding the report of the Compensation Committee.

#### Report of Compensation Committee

Mr. Simpson circulated a form of resolution which outlines what the Compensation Committee determined at its meeting last week. Mr. Simpson indicated that the Compensation Committee met to undertake a performance evaluation of the Executive Director position. There was a lengthy discussion among the Board members regarding health insurance and other benefits for RISLA staff. It was determined to have further discussion on this topic at the next meeting.

#### Executive Director's Report (Continued)

Mr. Simpson mentioned that Sarah Davis, who is the Director of Government Relations at Nelnet, will be at RISLA on Friday, December 2<sup>nd</sup> to discuss Reauthorization.

Mr. Simpson discussed RISLA's marketing and public relations strategies. Mr. Simpson pointed out several articles that were provided in the board packets. Mr. Simpson spoke briefly about the Reauthorization bill that is before the Senate its implications on future financial assistance for higher education.

Mr. Simpson noted that there is a letter in the Board packet from Mr. Palumbo regarding changes to financial disclosures of public officials and gift restrictions. Mr. Simpson stated that Mr. Palumbo has provided a memo regarding the new requirement for training of new board members. Mr. Simpson indicated that training is already in place for new members and that this was emphasized at the Strategic Planning Session which was held in the spring.

#### Audit Committee Report

Dr. Croasdale reported that the Audit Committee reviewed the audit and it appears to be satisfactory.

Upon a motion by Dr. Croasdale and seconded by Mr. Howell it was unanimously

**VOTED:** To approve the audit.

### Nelnet Report

Mr. Kelley briefly reviewed NESLA's marketing strategies. He indicated that the Texas student loan agency was recently purchased by Nelnet; that Nelnet has recently acquired the assets of CHELA; and that SMG, a marketing firm in New York, has been acquired by Nelnet. Mr. Kelley mentioned that the executive director of the Illinois student loan organization was replaced by the Governor of Illinois. Mr. Kelley indicated that there is a possibility that Sallie Mae may purchase the Illinois student loan organization. Mr. Kelley also mentioned that other student loan organizations are either combining or closing within the next 6 to 9 months.

Mr. Kelley noted that the Department of Education recognized Nelnet as an exceptional performer. Mr. Kelley indicated that the standard for compliance is 97% and Nelnet is in 99% compliance. Mr. Kelley explained that this means that when a loan defaults Nelnet is able to collect 100 cents on the dollar.

Mr. Kelley reviewed the breakdown of RISLA loan volume by schools in Rhode Island. Mr. Kelley indicated that the data shows that the volume of freshmen Stafford Loans are up 41%, despite a decline in volume at Salve Regina University; that the volume of Stafford Loans for all grade levels including graduate schools, is up about 33.2% overall; and that PLUS Loan volume is up about 9.3%. Mr. Kelley mentioned that a great deal of the loan volume now comes from out of state borrowers attending RI schools.

Mr. Kelley announced that NESLA has increased employment. Mr. Kelley also pointed out that NESLA is in the process of finalizing its lease with RIHEAA, and, is in the process of installing a new, more cost effective phone system, which RISLA will be a part of, and, which has also been offered to RIHEAA.

Mr. Kelley discussed developments in RISLA's non-federal College Bound Loan program. Mr. Kelley mentioned that although it's a great program it is lagging behind others because there is one rate for all who apply, prime + 0 with a 4% fee to the borrower. A tiered pricing program is being considered.

Mr. Kelley pointed out that across the entire country Nelnet's non federal program is only at the same level as RISLA volume-wise.

Mr. Kelley also explained efforts being undertaken by Nelnet to helping RISLA optimize its portfolio.

At 3:25 PM, Dr. Santoro left the meeting.

#### College Planning Center Report

Mr. Simpson announced that there have been updates to the College Planning Center's website. He indicated that it will be more navigational friendly.

Mr. Simpson discussed the SAT results. Mr. Simpson reported that RISLA has received information from 6 out of the 7 schools involved in the SAT program and indicated that a written component has been added to the SAT test.

Mr. Simpson noted that 178 students took the SAT test. Mr. Simpson indicated that North Providence had the highest increase in points on the PSAT; scores were up 130 points. Mr. Simpson noted that East Providence was up 99 points; Mount Hope was up 76 points; West Warwick was up 75 points; Westerly was up 72 points; and Rogers was up 45 points. Mr. Simpson pointed out that we are still waiting for the score results from Woonsocket. Mr. Simpson indicated that this SAT preparation program reinforces that practice on these test improves scores. Mr. Simpson also emphasized that not all students have access to such SAT prep tests as Kaplan, and that our SAT program levels the playing field for all students to receive merit aid based on their scores. Mr. Simpson indicated that RISLA will present to the Board at a later date a proposal to offer a third program.

Mr. Tavares asked about the participants in the SAT program. Mr. DeBlois explained that the SAT program is on a voluntary, first come, first serve basis. Mr. DeBlois also pointed out that the schools that were chosen for this program have, on average, lower SAT scores than other schools in the state..

Upon a motion by Dr. McKenna and seconded by Dr. Croasdale it was unanimously

**VOTED:** To adjourn.

Dr. McKenna adjourned the meeting at 3:35 P.M.

Adjournment was at 3:35 P.M.

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Dr. William Croasdale

Secretary/Treasurer